

Sugar & Gur Domestic & International Fundamentals

Pressure on cash sugar market continues despite some improvement at the fag end of the previous week. In the spot market fine bold variety could not sustain its uptrend due to quality issue from old stock. Millers are continuously selling sugar in local markets while upcountry demand is yet to pick up. There is no any visible clue in the market that could drive market up in the short term. Overall sentiment remains bearish with narrow space for any upward alteration in spite of a series of festivals ahead.

New season started with opening stock of around 9.0 million T and output in 2013-14 is also expected to increase slightly amid bearish global market outlook. It will continue to put pressure in domestic market. Prices of sugar in Uttar Pradesh, Karnataka and Gujarat are ruling at par with Maharashtra. So major buyers are sourcing sugar from nearby states.

ISMA in its latest release has claimed that sugar consumption in 2012-13 increased by 3.6 percent to 22.8 million T against previous year. Even higher consumption and lower production by 4.5 percent to 25.14 million T could not provide support for cash market. The top two producers- Maharashtra and Uttar Pradesh have contributed 7.99 and 7.48 million T respectively in the season ending Sept. 2013. Sugar output in Karnataka Tamil Nadu and Andhra Pradesh was recorded at 3.46, 1.96 and 0.99 million T respectively.

Sugar recovery too has decreased from 10.25 percent to 10.03 percent during the review period. Lower recovery and sugarcane crushing were the main reasons for lower sugar production last year. According to ISMA new season started with 8.85 million T carry in stock.

With increasing sugarcane production cost farmers in Andhra Pradesh have demanded higher cane price for 2013-14. The Federation of Sugarcane Growers' Associations of Andhra Pradesh has appealed to state Chief Minister to bring pressure on the Union Government to increase the statutory minimum price (SMP) for this season. Association has suggested that the reimbursement of purchase tax (which is Rs 60 a tonne) be passed on to the growers and not to the factories. Gur market too remained depressed.

However, in medium term some improvement in global sugar price is expected and the latest sugar stock loss in Brazil is likely to boost global sugar market and may provide opportunity for Indian exporters.

Outlook: Domestic market is likely to trade steady in the short term

Global Market Update:

A fire that blazed through Brazil's Santos port has ravaged six warehouses, destroying 180,000 tonnes of raw sugar in the Copersucar terminal. The fire hit all of the sugar giant's warehouses at the port, driving prices up to the highest in a year.

ICE March raw sugar prices rose more than six per cent to a one-year high on news of the fire before paring gains. The March contract settled up 2.5 per cent at 19.48 cents per lb as per the news published in The Independent. A conservative estimate would be six months to get this in operational form again.

However, any bull run due to this latest development is unlikely as supply from other sources is capable of taking care of emerging demand. Higher global price may provide some respite to Indian sugar exporters. Market participant expects prices to move up in the medium term.

Indonesia's annual sugar consumption is estimated at 5 million tonnes, while the country produces only 2.50-2.57 million tonnes sugar per year. Therefore, almost 50 percent of domestic demand is met by import from other sources.

NCDEX Sugar Future Quotes:

Contract	+/-	Open	High	Low	Close
Nov-13	Unch`	2902.00	2903.00	2897.00	2900.00
Dec-13	2	2900.00	2900.00	2850.00	2898.00
Jan-14	7	2900.00	2908.00	2899.00	2907.00

Contract	Volume	Change	OI	Change
Nov-13	3730	560	27210	-340
Dec-13	4320	2520	11730	280
Jan-14	2170	1630	9670	-500

Spread	Nov-13	Dec-13	Jan-14
Basis	75		
Oct-13		69	58
Nov-13			-11

Stocks	Demat 21.10.13	In-Process 21.10.13	Total 21.10.13	FED 21.10.13
Kolhapur M	1099	0	1099	1099
Kolhapur S	-	-	-	-
Sangli M	-	-	-	-
Delhi M	200	0	200	200

LIFFE Sugar Futures (In US\$/MT)

Contract	Open	High	Low	Close	+/-
13-Dec	514.10	516.80	510.00	511.90	-1.90
14-Mar	514.10	516.50	510.10	511.90	-2.60
14-May	515.70	518.00	512.50	513.90	-2.50

NCDEX Gur Future Quotes:

Contract	+/-	Open	High	Low	Close
Nov-13	-11.5	1096	1099	1085	1087
Dec-13	-8	1045	1049.00	1041.50	1045.00
Jan-13	0.50	1095.00	1095.00	1059.50	1065.50

Contract	Volume	Change	OI	Change
Nov-13	3410	-1070	6770	250
Dec-13	780	-790	2680	80
Jan-13	110	40	340	30

Spread	Nov-13	Dec-13	Jan-14
Basis	43.5		
Sept-13		-66	-53
Oct-13			13

Gur Stock Position	Chaku	Raskut	Papdi	Total
2013	101000	40000	36000	186000
2012	60000	45000	30000	157000

*Stock Positions stored in Warehouses are till 7th Oct 2013 (All figures in Bags 40 kg each)

ICE Sugar Futures (In Cents/Pound)

Contract	Open	High	Low	Close	+/-
\	18.98	20.16	18.93	19.50	0.50
14-May	18.84	19.67	18.77	19.22	0.38
14-July	18.65	19.26	18.64	18.96	0.27

Brazil Sugar Quotes (Kingsman US\$/MT)

Commodity	Place	Price	Change
Raw Sugar FOB (\$/MT)	Santos Port	417.00	-
Raw Sugar C&F (\$/MT)	Black Sea	445.75	-
Sugar White FOB (\$/MT)	Santos Port	510.00	-

Brazil White Sugar Premium (US\$/MT)

Contract	Close	+/-
Dec'13/Mar'14	89.50	
Mar'14/Mar'14	85.00	
May'14/May'14	90.50	

Brazil Sugar/ Ethanol Prices (In Cents/lb)

Contract	Close	+/-
Brazil Domestic Sugar	19.95	
Brazil Anhydrous	18.37	
Brazil Hydrous	17.90	

Sugar and Gur Prices at Key Spot Markets:

Commodity	Centre	Prices (Rs/Qtl)		Change
		22-Oct-2013	21-Oct-2013	
Sugar	Delhi - Grade M	3100	3100	Unch
	Delhi - Grade S	3060	3060	Unch
	Delhi - Grade L	3150	3140	10
	UP- Khatauli Grade M	3100	3100	Unch
	UP- Ramala Grade M	3000	3005	-5
	UP- Dhampur Grade M Ex-Mill	2970	2970	Unch
	UP- Dhampur Grade S Ex-Mill	2950	2950	Unch
	UP- Dhampur Grade L Ex-Mill	3020	3020	Unch
	Mumbai –Grade M	3216	3226	-10
	Mumbai –Grade S	2960	2970	-10
	Kolhapur – Grade M	2900	3000	-100
	Kolhapur – Grade S	2800	2850	-50
	Guhawati – Grade S	3106	3157	-51
	Shillong – Grade S	3120	3170	-50
	Vijayawada – Grade M	3500	3500	Unch
	Vijayawada- Grade S	3250	3250	Unch
	Nagpur – Grade M	3250	3250	Unch
	Nagpur – Grade S	3050	3050	Unch
	Kolkata – Grade M	3280	3290	-10
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3080	3100	-20
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	-	-	-
	Chennai - Grade S	2980	2980	Unch
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Gur Spot Prices (Rs/Qtl)				
		22-Oct-2013	20-Oct-2013	Change
Muzaffar Nagar	Chaku	3030	2850	180
	Khurpa	1230	1230	Unch
	Laddu	1305	1330	-25
	Rascut	2600	2825	-225
Maharashtra	Lal Variety	3400	3400	Unch
Bangalore	Achhu	3400	3400	Unch
	Mudde	3600	3600	Unch

Belgaum	Mudde	-	2900	-
Belthangadi	Yellow (Average)	2950	2900	50
Bijapur	Achhu	3250	3250	Unch
Gulbarga	Other (Average)	2950	3050	-100
Mahalingapura	Penti (Average)	3100	3040	60
Mandya	Achhu (Medium)	2950	2900	50
	Kurikatu (Medium)	2500	2500	Unch
	Other (Medium)	2600	2600	Unch
	Yellow (Medium)	2900	2850	50
Shimoga	Achhu (Average)	3525	3500	25

UP Private Mills Tender Rates

Centre	Origin/Grade	22-Oct-2013	20-Oct-2013	Change
Dorala	M-30	-	3020	-
Mawana	M-30	-	3030	-
Khatauli	2995	-	3010	-
Modinagar	M-30	-	-	-
Malakpur	M-30	-	2950	-
Simbholi	M-30	-	3245	-
Asamoli	M-30	-	3220	-
Dhanora	M-30	-	3000	-
Dhampur	M-30	-	2980	-
Kinnoni	M-31	-	3285	-
Budhana	M-31	-	3015	-
Thanabhavan	M-31	-	3010	-

UP Cooperative Mills Tender Rates

Centre	Origin/Grade	22-Oct-2013	20-Oct-2013	Change
Baghpat	M-30	-	2910	-
Gajraula	M-30	-	2900	-
BulandShahar	M-30	-	-	-
Anupshahar	M-30	-	2890	-

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Centre	Origin/Grade	22-Oct-2013	20-Oct-2013	Change
Morna	M-30	-	2915	-
Nanotha	M-30	-	2905	-
Nazibabad	M-30	-	2900	-
Sakoti	M-30	-	2900	-
Amroha	M-30	-	-	-
Chandpur	M-31	-	2900	-

Maharashtra Cooperative Mills Tender Prices		
Centre	Origin/Grade	10/20/13
BHOGAWATI	S1.PP	2648
WARANA	S1.PP	2700
	S2.PP	2695

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